City of Chongqing

Opportunities and Challenges of Managing Urbanization in China

Dr. Zhou Linjun, Lead Author

World Bank Report – Chongqing 2040
Urbanization in China: Achievements

- Rapid urbanization has been the main driver of supporting China's high growth and rapid economic transformation.
- China’s urbanization rate increased from 23.4% in 1985 to 57.35% in 2016.
  - In 2015, top 60 cities with a population of 300 million contributed to almost 80% of China's total GDP and 12% of world output.
  - Nearly 300 million migrants moved from agriculture to more productive activities. Since 2012, annual increase of new jobs is 13 million.
- 500 million people were lifted out of poverty over the past 30 years.
  - Poverty occurring rate is expected to be less than 4% by 2017; the remaining should be lifted out of poverty by 2020.
- Unprecedented growth 10% for three consecutive decades (averaging 7.2% since 2012).
- With planning and management, China has avoided some common ills of urbanization, notably large scale urban poverty, unemployment, and squalor.
Urbanization in China: Challenges

• But “strains are starting to show”:
  ▪ The urbanization is mainly characterized by “high speed” or “high quantity” instead of “high efficiency” or “high quality”.
  ▪ High growth has been increasingly driven by investment rather than productivity.

• Urbanization of rural land is much faster than the urbanization of population.
  ▪ The density of both population and economy especially in big cities is decreasing.
  ▪ Urbanization has relied excessively on land conversion and land financing, causing inefficient urban sprawl, on occasion, ghost towns and wasteful real estate development.
  ▪ Land-intensive urbanization has reduced farmland, competing for natural resources and increasing pollution.

• Social inequity:
  ▪ Migrant workers’ unequal access to urban welfare; Increasing urban-rural income inequity.
See China’s Urbanization through City of Chongqing

- **Chongqing: A reflection of China’s urban growth:**
  - The largest city in the world: a population of 33.92 million and a territory of 824,000 km².
  - Located in the South West of China: gateway to less developed China’s South Western Region and a mountain river city with its unique urban fabrics.
  - China's fourth and the youngest municipality directly under the Central Government established in 1997 after Beijing, Shanghai and Tianjin.

- But its development is at junction: can Chongqing steer away from China’s “old” growth pattern toward building a city that is economically competitive, socially inclusive, environmentally sustainable, maintaining its unique urban fabrics and identity?
Where Chongqing was; Where it is now; Where it would go

Chongqing in 1930s

Chongqing in 2016
A Rapid Growing City

<table>
<thead>
<tr>
<th>ITEM</th>
<th>1996</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GDP ($ billion)</td>
<td>15.70</td>
<td>259.00</td>
</tr>
<tr>
<td>GDP per capita ($)</td>
<td>544.00</td>
<td>8,539.00</td>
</tr>
<tr>
<td>Urbanization rate</td>
<td>29.50%</td>
<td>62.60%</td>
</tr>
<tr>
<td>FDR ($ billion)</td>
<td>0.22</td>
<td>2.62</td>
</tr>
<tr>
<td>Treatment of urban wastewater</td>
<td>less 6%</td>
<td>95.37%</td>
</tr>
<tr>
<td>Treatment of urban solid waste</td>
<td>less 7%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Chongqing now still keeps a record of the highest economic growth rate in China for more than 40 consecutive months since 2014.
A Rapid Growing City

- Change in economic structure:

![Pie charts showing economic structure changes from 1996 to 2016.](chart.png)

- Agriculture: 21.9% in 1996, 7.4% in 2016
- Industry: 43.3% in 1996, 48.4% in 2016
- Service: 34.8% in 1996, 44.2% in 2016
A Rapid Growing City

- Successful transformation of old industrial base: A shift from heavy chemicals and metal making to modern manufacturing.

  *In 2016, Chongqing produced 3.15 million automobiles (1/8 of China's output), 58 million of laptops (1/3 of the world market), and 280 million of mobile phones (15% of China's output).*

- Change in economic types: Diversity of economic elements and types. Growing non-state or private enterprises are playing more important role in economic growth.

<table>
<thead>
<tr>
<th></th>
<th>GDP ($ billion)</th>
<th>State economy (SE)</th>
<th>% of SE</th>
<th>Non-state economy (NSE)</th>
<th>% of NSE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>individual</td>
<td>foreign</td>
</tr>
<tr>
<td>1996</td>
<td>15.66</td>
<td>11.76</td>
<td>75%</td>
<td>3.90</td>
<td>3.41</td>
</tr>
<tr>
<td>2016</td>
<td>258.98</td>
<td>100.74</td>
<td>39%</td>
<td>158.24</td>
<td>129.21</td>
</tr>
</tbody>
</table>
A Rapid Growing City

- Massive investment on transport to overcome geographical barriers:
  - Express way increased 22 times: from 114 km in 1997 up to 2,828 km in 2016; High speed railway is to increase from current 356 km to 2032 km in 2030; In central city, the planned metro/light rail length is to increase from current 213km to 820km.
  - Building infrastructure for becoming a leading logistics hub.

The Chongqing – Xinjiang – Europe Train, a direct railway trade link from Chongqing to Germany was established in 2010. The rail has brought Chongqing to the front-end of China’s trade with central Asia and Europe.
Chongqing's Urbanization: Challenges Ahead:

- Urban sprawl:
  - Urbanization of land is faster than that of population, causing inefficient urban sprawl, decreasing efficiency and increasing infrastructure cost.
  - 2000-2016, urban built-up area increased by 340%, 2.25 times of urban population growth.
  - The urban density of both population and economy is declining.

Except for old district (20.8 km²), population density is significantly less than some other cities.
Chongqing's Urbanization: Challenges Ahead:

- Declining Productivity
  - The increase of investment averaged 23.1% while that of labour productivity being 12.2%, showing a typical “capital accumulative” growth rather than “efficiency improving”. The marginal return of investment is declining.

- Need to build enabling environment in preparing for the new wave of industrial transformation and upgrading.
  - Relatively low innovative capacity.

- Although still benefiting from abundant labor, the population profit is in declining after its peak, from 0.72 in 2012 to 0.70 in 2016. A turning point in 2026: population profit turning from positive to negative (below 0.6536 standard), Chongqing, as most areas in China, is entering aging society.
  - Low population growth: children's dependency from 53.78% in 1984 to 23.35% in 2016;
  - Increasing of aging population: elderly dependency from 7.67% in 1984 to 17.67% in 2016;
  - Total dependency ratio: from 41.02% in 1997 to 54.21% in 2030, and 61.32% in 2040.
Chongqing's Urbanization: Challenges Ahead:

- As a city of bridges and tunnels, Chongqing is facing a constant challenge in its efforts to overcome the division by mountains and rivers, causing much higher costs when improving connectivity.

- Heavy pressure on environmental and ecological sustainability.
  - high dependency on coal in energy structure;
  - Rapid urbanization is accompanied by high “ecological foot-print (land, water, etc.)

- Risk of losing its unique urban fabrics
  - Intensive construction and super urban blocks have created threats to the city's individual identity and traditional memory.

Super urban blocks
Changing of urban fabrics
Deminishing of traditional memory
Towards 2040: Chongqing's ambition

- **Chongqing's ambition**
  - A mega city → a global city
  - China's Chongqing → World's Chongqing

- **Planning: Shifting to a compact and Transit oriented Development**

- **Development objective: A city with**
  - competitive economy
  - high innovation capacity
  - environmental sustainability
  - social inclusiveness
  - high livability
  - distinct identity and unique urban fabrics
Thanks